



**Department of Commerce**

**Briefing**

**Performance Review Boards**

**September/October 2007**

## **Authorities:**

- National Defense Authorization Act 2004
- Homeland Security Act of 2002
- End of Year Guidance, September 14, 2007
- SES Performance Management System

# I. Introduction

- Why are we here?
  - Walk through the process
  - All DOC bureaus/organizations on same page
  - Receive current information on the performance management process.
  - Ensure PRB members understand their roles

## **II. Current Status of Performance Management System**

- DOC received Full Certification May 8, 2007
- Full certification is for calendar year 2007 and 2008
- Must submit certification request for 2009 in June, 2008
- Must demonstrate that performance plans and the performance management system meet OPM criteria

- Performance data must indicate that distinctions are being made based on relative performance
- DOC will critically review and assess bureau performance plans created for FY 08 to ensure re-certification

### **III. Pay for Performance Overview**

#### **Premise: Higher Performance = Higher Pay**

- Greater Pay Range (Base, Aggregate)
- Higher Individual Base Pay Levels
- Locality, Across-the-Board Adjustments Eliminated
- Agencies may adjust an SES member's basic pay by  
any amount up to EX-III when:

- The SES member's performance or contributions so warrant, and
  - The SES member is otherwise eligible
- Limited to one pay adjustment every 12 months, with certain exceptions
  - Exceptions

## **IV. Key Players in the Performance Management Process**

- **Rater** - develops plan with input from employee; communicates performance expectations to employee and provides employee with copy of plan.
  - Mid-Term Review (one-on-one)
  - Initial Summary Rating (one-on-one)

## ■ **Reviewer**

- Employee may request higher level review of initial summary rating
- If no higher level between executive and Appointing Authority, the Director for Human Resources Management will appoint a DPRB member to review
- Recommendation to rating official, PRB and Appointing Authority

## ■ **Performance Review Board (PRB)**

- Critically reviews initial summary rating, the senior executive's response to initial rating, if any, the higher level review official's recommendations.
- May make inquiry if necessary
- Makes Recommendations to Appointing Authority

## ■ **Appointing Authority**

- Recommends the annual summary rating, bonus and pay adjustment in writing after considering PRB recommendations

## ■ **Departmental Executive Resources Board (DERB)**

- Makes recommendations to the Secretary on personnel actions associated with end-of-year performance cycle & other policy decisions. These actions include:
  - ▶ Performance ratings
  - ▶ Performance based pay adjustments
  - ▶ Salary Adjustments
  - ▶ Bonus

- ▶ Presidential Rank Awards
- ▶ Executive Pay Policy

## **V. Broad Role of the Operating Unit Performance Review Board**

- Due diligence is paramount in the review process to ensure meaningful distinctions based on relative performance, thereby strengthening the link between performance and pay.
- PRBs must look at linkage to strategic goals, alignment, and performance distinctions in executive's subordinate ratings as well.
- Ensure consistency with generic performance definitions.
- PRBs must critically review initial summary ratings and recommendations, and make recommendations to

## Appointing Authorities for:

- Final annual summary ratings;
- Retention, reassignment, transfer

### ■ PRBs must critically review:

- Proposed SES bonuses;
- Proposed performance-based pay adjustments for SES, SL or ST positions;
- Presidential Rank Awards; and

- Cash awards for GS employees in excess of \$5,000

and then make recommendations to the Appointing Authority

- PRBs must focus on business results and be mindful of the big picture. Consider individual accomplishments as related to bureau accomplishment & that of others in the bureau.
- PRBs must consider Senior Assessment Official report on organizational performance.
- PRBs must consider OPM criteria:

- **Alignment** - so that the performance expectations for individual senior employees derive from, and clearly link to, the agency's mission, GPRA strategic goals, program and policy objectives, and/or annual performance plans and budget priorities.
- **Consultation** - so that performance expectations for senior employees meet the requirements and/or applicable legal authority; are developed with the input and involvement of the individual senior employees; and are communicated to them at the beginning of the appraisal period, and/or appropriate times thereafter.
- **Results** - so that performance expectations for individual senior employees apply to their respective areas of responsibility; reflect expected agency and/or organizational outputs and outcomes, performance targets or metrics, policy/program objectives and/or milestones; identify specific programmatic crosscutting, external, and partnership-oriented goals or objectives, as applicable; and are stated in terms of observable, measurable, and/or demonstrable performance.
- **Balance** - so that in addition to expected results, the performance expectations

for individual senior employees include appropriate measures or indicators of employee and/or customer stakeholder feedback; quality, quantity, timeliness and cost effectiveness, as applicable; and those technical leadership and/or managerial competencies or behaviors that contribute to and are necessary to distinguish outstanding performance.

- **Assessment and Guidelines** - SAO Assessment, GPRA, Part
- **Oversight** - so that appraisal process makes meaningful distinctions based on relative performance; results of process take into account SAO assessment of organization performance against program performance measures; and pay adjustments, cash awards, and levels of pay accurately reflect and recognize both individual and organizational performance.
- **Accountability** - so that final agency head decisions and any PRB recommendations regarding senior employee ratings appropriately reflect the employee's

performance expectations, relevant program performance measures, and such other relevant factors as the PRB may find appropriate; in the case of supervisory senior employees, ratings must reflect the degree to which performance standards, requirements or expectations for individual subordinate employees clearly link to organizational mission, GPRA, strategic goals, or other program or policy objectives and take into account the degree of rigor in the appraisal of their subordinate employees

- **Performance Differentiation** - so that meaningful distinctions based on relative performance that take into account assessment of the agency's performance against relevant program performance measures and such other relevant factors as may be appropriate.
- **Pay Differentiation** - so that those senior employees who have demonstrated the highest levels of individual performance and/or contribution to the agency's performance receive the highest annual summary ratings as well as the largest corresponding pay adjustments, cash awards and levels of pay, particularly above Executive Level III.

## ■ Other Factors

- **Balanced Measures** - so that performance measurement balances organizational results with perspectives of other distinct groups such as
  - ▶ Employee perspective – focuses on performance of key internal processes that drive the organization.
  - ▶ Customer perspective – considers the organization's performance through the eyes of the customer
  - ▶ Business perspective – considers outcomes, or social/political impacts which define the role of

the agency within the government and American society, and the business process needed for organization efficiency and effectiveness.

- Effect of Minimally Acceptable or Unsatisfactory Rating

## **VI. Questions and Answers**

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